



ADMINISTRATIVE RULES OF MONTANA

6.6.5090 RATE MANUAL AND RATE RESTRICTION GUIDELINES

- (1) Each small employer carrier shall develop a separate rate manual for each class of business, which must be the basis for all premium rates and new business premium rates charged to small employers by the small employer carrier. To the extent that a portion of the premium rates charged by a small employer carrier is based on the carrier's discretion, the manual must specify the criteria and factors considered by the carrier in exercising such discretion.
- (2) The rate manual developed pursuant to (1) must specify the case characteristics and rate factors to be applied by the small employer carrier in establishing premium rates for each class of business.
- (3) The small employer carrier shall use the same case characteristics in establishing premium rates for each health benefit plan in a class of business and shall apply them in the same manner in establishing premium rates for each such health benefit plan. Case characteristics must be applied without regard to the risk characteristics of a small employer.
- (4) The rate manual developed pursuant to (1) must clearly illustrate the relationship among the base premium rates charged for each health benefit plan in the class of business. If the new business premium rate is different than the base premium rate for a health benefit plan, the rate manual must illustrate and justify the difference.
- (5) Differences among base premium rates for health benefit plans must be based solely on the reasonable and objective differences in the design and benefits of the health benefit plans and may not be based in any way on the actual or expected health status or claims experience of the small employer groups that choose, or are expected to choose, a particular health benefit plan. The small employer carrier shall apply case characteristics and rate factors within each class of business in a manner that assures that premium differences among health benefit plans for identical small employer groups vary only due to reasonable and objective differences in the design and benefits of the health benefit plans, and not due to the actual or expected health status or claims experience of the small employer groups that choose, or are expected to choose, a particular health benefit plan.
- (6) The rate manual developed pursuant to (1) must provide for premium rates to be developed in a two-step process. In the first step, a base premium rate must be developed for the small employer group, without regard to any risk characteristics of the group. In the second step, the resulting base premium rate may be adjusted by a risk load, subject to the provisions of 33-22-1809, MCA, to reflect the risk characteristic of the group.
- (7) Premiums charged to small employers for health benefit plans must not include separate application fees, underwriting fees, or any other separate fees or charges.

- (8) Small employer carriers shall allocate administrative expenses to basic and standard health benefit plans on no less favorable a basis than expenses are allocated to other health benefit plans in the class of business. The rate manual developed pursuant to (1) must describe the method of allocating administrative expenses to the health benefit plans in the class of business for which the manual was developed.
- (9) Each rate manual developed pursuant to (1) must be maintained by the carrier for a period of 6 years. Updates and changes to the manual must be maintained with the manual.
- (10) If group size is used as a case characteristic by a small employer carrier, the highest rate factor associated with a group size classification must not exceed the lowest rate factor associated with such a classification by more than 35%.
- (11) The restrictions related to changes in premium rates in 33-22-1809 (1) , MCA, apply as follows:
 - (a) Small employer carriers revise their rate manuals each rating period to reflect changes in base premium rates and changes in new business premium rates.
 - (b) If, for any health benefit plan with respect to any rating period, the percentage change in the new business premium rate is less than, or the same as, the percentage change in the base premium rate, the change in the new business premium rate must be deemed to be a change in the base premium rate under 33-22-1809 (1) , MCA.
 - (c) If, for any health benefit plan with respect to any rating period, the percentage change in the new business premium rate exceeds the percentage change in the base premium rate, the health benefit plan must be considered a health benefit plan into which the small employer carrier is no longer enrolling new small employers for the purposes of 33-22-1809 (1) , MCA.
 - (d) If, for any rating period, the change in the new business premium rate for a health benefit plan differs from the change in the new business premium rate for any other health benefit plan in the same class of business by more than 20%, the carrier shall file a statement with the commissioner which contains a complete explanation of how the respective changes in new business premium rates were established and the reason for the difference. The filing must be made within 30 days of the beginning of the rating period.
 - (e) Small employer carriers shall keep on file for a period of at least 6 years, all calculations used to determine all changes in base premium rates and new business premium rates for each health benefit plan for each rating period.
- (12) A representative of a Taft-Hartley trust, including a carrier upon the written request of such a trust, may file a written request with commissioner for a waiver of the application of the provisions of 33-22-1809 (1) , MCA, with respect to such trust.
 - (a) Such a request must identify the provisions for which the trust is seeking the waiver and must describe, with respect to each provision, the extent to which application of such provision would:
 - (i) Adversely affect the participants and beneficiaries of the trust; and
 - (ii) Require modifications to one or more of the collective bargaining agreements under, or pursuant to, which the trust was or is established or maintained.
 - (b) A waiver granted hereunder may not apply to an individual who participates in the trust because the individual is an associate member of an employee organization or the beneficiary of such an individual.

Authorizing statute(s): 33-1-313 and 33-22-1822, MCA

Implementing statute(s): 33-22-1802, 33-22-1809 and 33-22-1812, MCA

History: NEW, 1994 MAR p. 1528, Eff. 6/10/94; AMD, 1998 MAR p. 1698, Eff. 6/26/98; AMD, 1998 MAR p. 3276, Eff. 12/18/98.